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31 March 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. Chinese prepared to make trade deal with British at Moscow conference: The Chinese delegation to the World Economic Conference at Moscow is prepared to make specific offers to the British of soya beans, bristles and other Chinese products in exchange for British consumer goods. This information was obtained [redacted] in Moscow following an interview with Oskar Lange, former Polish Ambassador to the US and one of the principal organizers of the conference. Lange continued that the conference would not be confined to theoretical discussions but that the delegates are prepared to make solid offers and to conclude deals. (C Moscow 1553, 28 Mar 52)

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Comment: The character of the Western delegations, which are composed of individual businessmen rather than government officials, precludes the negotiation of formal trade agreements with Orbit countries. The Communists, however, will welcome the conclusion of some specific trade deals with individual businessmen in order to enhance the propaganda value of the conference. Yves Farges, president of the French Peace Partisans, has declared that proposals of the USSR and China at the conference "will be sensational."

SOVIET UNION

2. Soviet Ambassador to Sweden encourages Nordic Alliance: On 17 March the Soviet Ambassador to Sweden reportedly expressed the opinion to Prime Minister Erlander that Sweden and the USSR should cooperate to mutual advantage. The Ambassador hoped that the Nordic Alliance would become a reality and that Sweden would attempt to persuade Finland to join such a pact.

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Prime Minister Erlander indicated that his country had no wish to interfere in Finnish affairs. [redacted]

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Comment: This report, if true, represents the first direct Soviet approach regarding a Nordic Alliance, and lends credence to previously reported rumors of Soviet interest in the subject. The primary objective of this maneuver is to prevent the further westward orientation of Sweden and the fulfillment of Norway's and Denmark's commitments in NATO.

In any event, the suggestion will not find any active support in the Scandinavian governments.

3. Soviet "peace" propaganda reportedly growing more effective: Western observers at the recently concluded session of the UN Economic Commission for Europe reportedly feel that Soviet policy is undergoing a tactical change in the direction of taking Western Europe "by peaceful means." According to the US delegation, these observers consider that the USSR will use every opportunity to emphasize its wish for peaceful coexistence and will make offers for collaboration with Western Europe, on such occasions as the Moscow trade conference, which will strike many Western Europeans as being "real" rather than mere propaganda.

The observers further consider that Western Europe will progressively believe that the USSR really wants peace and consequently will be less willing to cooperate with United States defense policies. The observers conclude that it will become more and more difficult to hold the North Atlantic alliance together. (S Geneva 720, 27 Mar 52)

Comment: The tactic of claiming that the USSR favors peaceful coexistence and increased East-West trade has been a standard part of the Communist "peace" campaign during the postwar period. Such Communist claims, however, have recently become a more important part of Soviet propaganda. The Soviet "peace" program has special appeal in countries like France where sentiment is growing that the USSR does not now plan an early attack on the West.

At this ECE session the Soviet delegation also claimed that the Soviet Orbit could fulfill Western Europe's trade requirements. The delegation did not make any specific offers that would indicate new Soviet tactics in the foreign trade policies designed to back up its propaganda claims.

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EASTERN EUROPE

4. Rumanian Deputy Minister of Foreign Trade dismissed: Radio Bucharest announced on 27 March that Mauriciu Novac, Rumanian Deputy Minister of Foreign Trade, had been dismissed from the post he has held since November 1950. No reason was revealed. (U NY Times, 28 Mar 52)

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Comment: [redacted]

Novac controlled the Ministry of Foreign Trade on behalf of the Rumanian Workers' Party.

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Novac is the fifth high Rumanian official to be relieved in the past month, Finance Minister Vasile Luca and three deputies having been removed earlier in March.

5. Rumanians reported conducting mass deportations from cities: Greek-Rumanian repatriates arriving on the Greek island of Siros on 12 March reported that elements considered undesirable by the Rumanian regime were being evacuated in large numbers from industrial and military centers. [redacted]

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Comment: A recent radio broadcast from Paris described an alleged Rumanian Government decree on 16 February which outlined categories of persons to be deported from large cities. Families of war criminals and escapees and former industrialists and large landowners were to be deported to unknown destinations, saboteurs, common criminals, and people under 56 years of age but not working were reportedly ordered to move 50 kilometers from their former homes but not into areas of military or industrial importance or close to the frontier. The broadcast stated that evacuations were proceeding relatively slowly, with about 100 people leaving Bucharest each day.

The American Legation in Bucharest has for the past several weeks reported rumors of such evacuations but has not as yet confirmed them. Similar rumors in Hungary have not been confirmed by the American Legation in Budapest.

6. American Charge reports Yugoslav attempt to subvert Italian Adriatic policy: The American Charge in Belgrade reports a noteworthy improvement in the official Yugoslav attitude towards Greece. He bases this observation on the

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prolonged attendance of Foreign Minister Kardelj at the Greek Embassy reception on 25 March, interviews granted by Marshal Tito and Kardelj on the same day to a Greek correspondent, and an authoritative Yugoslav press article stressing Yugoslavia's desire for a maximum improvement of good neighbor relations with Greece and Turkey. This same article stated, however, that such a wish for better relations does not imply any change in Yugoslav negative views toward regional defense pacts.

The Charge suggests that as a result of the deterioration of Italo-Yugoslav relations over Trieste, the Yugoslavs may attempt to create the impression that a rapport with Greece has been reached in order to arouse Italian concern over Albania and counterbalance Italy's diplomatic offensive in the Adriatic. (S Belgrade 1182, 27 Mar 52)

Comment: In view of Italian interest in Albania, the Yugoslavs may wish to create an impression of Yugoslav-Greek accord over that country. Although relations between Greece and Yugoslavia have improved noticeably during the past two years, the Macedonian issue and conflicting interests in Albania will continue to cause difficulty between these two countries.

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FAR EAST

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Diplomats in Peiping reported uneasy over BW propaganda :
[redacted] Peiping about 22 March alleges
that "considerable uneasiness" prevails among Asian diplomats
in that city as a result of the Communist propaganda campaign
on biological warfare. The Indian and Burmese Embassies are

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said to have made preparations to evacuate their staffs. (S
Hong Kong 2740, 27 Mar 52)

Comment: Diplomats in Peiping are known to be uneasy about possible Chinese Communist motives in undertaking this propaganda campaign, which has included an offer to inoculate foreign representatives. Peiping's refusal to permit impartial investigation of its charges, however, has convinced most diplomats in the capital that the allegations are false.

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10. Possible French peace feelers to Viet Minh: [redacted]

[redacted] the French people are increasingly weary of the Indochina war, and that it is "very likely" that unofficial peace feelers are being put out in Indochina by the French and the Bao Dai entourage. In addition, [redacted] states that Max Andre, a councilor in the French Union, is in clandestine contact with Viet Minh and Chinese Communist agents with a view to ending the war in Indochina.

[redacted] there is an awareness at the second echelon of the French Government, but not at the cabinet level, that Andre has made peace feelers to the Viet Minh.

Comment: Max Andre participated in the French-Viet Minh negotiations of 1946, but there is no confirmation that peace feelers have been extended to the Viet Minh by him or any other French official. French statements on the subject, however, have been somewhat equivocal and have alarmed officials of the Bao Dai Government.

Representatives of the French and Bao Dai Governments have made efforts in the past to contact Viet Minh organizations with a view to inducing desertions. Such activities have probably contributed to the negotiation rumors.

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11. Chinese aid to the Viet Minh increased: [redacted]

[redacted] in Indochina states that Chinese Communist aid to the Viet Minh has greatly increased since September 1951; a total of 4,000 tons of materiel was supplied during the last quarter of that year. He cites as proof of increased assistance the recent use by the Viet Minh of light antiaircraft guns, 75-mm artillery, and flame throwers. He says that Soviet advisers are present in undetermined numbers.

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[redacted] points out that no Chinese units have been identified in action in Tonkin, nor is there any evidence that Chinese troops have been integrated into Viet Minh formations. There are, however, 1,800 to 2,000 Chinese technical and administrative advisers in Tonkin serving in units down to regimental level. [redacted]

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Comment: While the use of 75-mm artillery by the Viet Minh has been established, there have been no previous credible reports that the Viet Minh possesses or has employed antiaircraft guns or flame throwers.

This is the first time a [redacted] has reported the presence of Soviet advisers in Indochina.

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Although up to 15,000 Chinese technical personnel have been frequently reported in Tonkin during the past six months, [redacted] has never estimated the number above 5,000.

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Phibun reportedly planning coup: Premier Phibun, [redacted] is dissatisfied with "the present status" of the Thai Government and is planning to replace, "in the near future," practically all of the leaders of the ruling clique with persons considered sympathetic toward former Premier Pridi. In addition, a coup by a group outside the government is also alleged "to be pending." [redacted]

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Comment: Other reports have indicated Phibun's dissatisfaction with the present state of affairs, wherein real control is in the hands of the military leaders who sanctioned his reappointment as premier. There is no evidence to indicate, however, that the military leaders are losing control over the forces they command -- which suggests that Phibun will be in no position to replace them "in the near future."

13. Indonesia limits Moscow delegates to twelve persons: The Indonesian press has reported that the government has limited to twelve the number of persons who will be allowed to attend the Moscow Economic Conference. Nine of the delegates have already left. They include two officials from the Communications Ministry, the head of an Indonesian news agency, an economist, and five Indonesian businessmen. One of the

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delegates is usually regarded as a fellow traveler and another is described as having "radical views."

The chairman of Parliament's Foreign Relations Section told an Embassy official that he did not expect any members of Parliament to attend the conference. (C Djakarta 1424, 27 Mar 52)

Comment: Communist and leftist factions in Parliament made a strong effort to send an official parliamentary delegation to the Moscow conference. When the Finance Ministry refused to grant funds for travel expenses and when Parliament itself rejected the proposal that the delegates attend in an official capacity, the idea of sending members of Parliament apparently was discarded.

NEAR EAST - AFRICA

14. Greek Government split over issue of condemned Communists: Greek Government leaders are split over the policy to be adopted in the case of the Communists recently condemned to death for espionage. Their sentences are now up for review by the Board of Pardons, and Acting Prime Minister Venizelos has informed the American Ambassador that he is determined to carry out the Board's recommendation. Prime Minister Plastiras, however, who formerly favored executing the Communists, is now reportedly seeking to prevent the executions or at least to limit them to the less prominent Communists. (S Athens 4281, 28 Mar 52)

Comment: Left-wing leaders of Plastiras' party have threatened to bolt and thus cause the government's fall, if the major Communists are executed. The opposition, on the other hand, has already attacked the government for leniency in releasing political prisoners and might well bring about its fall if the sentences are commuted. In view of the consequences involved, government leaders will probably choose a solution such as that advocated by Plastiras or place the final responsibility for a decision on the King. Even these maneuvers may be unsuccessful in keeping the government in power.

15. France may soon face Security Council discussion on Tunisian policy: According to the Pakistani representative on the UN Security Council, the Arab-Asian bloc has definitely decided to raise the question of France's Tunisian policy, possibly on 2 April.

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The French UN delegates are relying heavily on the "new situation" following the Bey's capitulation, which they estimate will be at its optimum for the next few days, and are not now inclined to resist an early session of the Council. (S New York 652 and 655, 28 Mar 52)

Comment: At present the Arab-Asian bloc is confident it can muster at least six of the seven votes needed to place the issue on the Security Council agenda.

France's success in forcing the Bey to appoint a new cabinet may temporarily relieve the situation in Tunisia, but probably will increase international criticism of France's methods and policy there.

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WESTERN EUROPE

16. American Charge in Belgrade cautions West on Trieste policy: The American Charge in Belgrade warns that the United States should not be misled by the present Yugoslav policy of "sweet reasonableness" over recent developments in Trieste. He states that a sharp reaction against the West may occur if it supports Italian Trieste policy to a degree which would heighten anti-Western sentiment in the party and antagonize Slovene nationalists who play such an important role in the party. (S Belgrade 1178, 26 Mar 52)

Comment: The authoritative Yugoslav party daily, Borba, published a lead article on 28 March branding Italian agitation over Trieste as blackmail and warning the West of Yugoslavia's unqualified opposition to any agreements regarding the Free Territory which ignore Yugoslav national interests.

Anti-Western sentiment within the party and especially among the Slovene group would undoubtedly be stimulated by any Italian gains in Zone A which would be interpreted as Allied concessions to "Italian irredentism." The Tito clique, however, could probably effectively restrain any excessive display of anti-Westernism if it so wished.

17. Pro-Titoists in Trieste told to exploit "Cominformist rift":

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25X1C Branko Babic, leader of the pro-Tito Communists in Zone A, has informed his followers that the time had come to capture the leadership of the Slovene Cominformists from Vittorio Vidali, who, he alleges, is forcing his followers to act against their own best interest by entering into an "unholy alliance" with the Fascists.

In addition, the pro-Titoist leader stated that Premier de Gasperi, in an attempt to prove his willingness to negotiate, has secretly proposed to Tito that a plebiscite be held in both zones of the Free Territory of Trieste. (S

Comment: The pro-Titoists have accused Vidali of deserting the independent cause to join with the "fascist Italians" in advocating the return of the FTT to Italy. There are indications that party morale and membership in

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the Cominformist group have suffered during the past nine months, but there is no evidence of a change in party line over Trieste or a split between the leadership and the rank and file.

During the past week, the Italian press has advocated the holding of a plebiscite to determine the fate of the FTT.

18. Communists look for West German Socialists to support peace proposals: [redacted] 25X1C

25X1C [redacted] the Politburo of the East German Socialist Unity (Communist) Party met on 15 and 16 March to discuss steps to be taken as a result of the Soviet note on a German peace treaty. Party leaders declared that Moscow expects its proposal to produce a favorable reaction in West Germany in the Social Democratic Party, the trade unions, older ex-officers of the German army, Nazis, the Evangelical Church, and many youth, neutralist, and pacifist organizations. The Politburo believes the Soviet note is aimed principally at forcing the West into a lengthy conference that would delay or suspend the European army plan. Should there be no conference, the note would serve as the basis for a separate East German peace treaty. [redacted]

26 March 52) [redacted]

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19. [redacted]

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20. French weigh possibilities of new Berlin blockade:

25X1 [redacted] in Germany report that the Russians are planning a blockade of Berlin, possibly extended this time to include the air corridors to the city.

French Foreign Office officials, while not unduly disquieted by the "not highly evaluated" report, believe that there is a possibility of some sort of blockade, but do not think it would be extended to air communication. (S Paris 5929, 27 Mar 52)

Comment: While a blockade now could serve as pressure on the West to agree to a four-power conference on the whole German question, such a move appears unlikely at this time.

Although the USSR can now by-pass the Western sectors of Berlin by rail, the canal by-pass will not be completed before fall. Combined, these two projects are designed to reduce vulnerability to Allied retaliation. A blockade now might also destroy the appeal of the current Soviet campaign for unification and a peace treaty.

21. French Cabinet seen safe until June: Premier Pinay has been so successful in obtaining public support for his "stability-without-sacrifices" program that his budget proposals will probably be approved by the Assembly early in April, in the opinion of the American Embassy in Paris. He would then be assured tenure until June, because of public pressure that he should be given time to apply his program.

Most of the deputies expected to vote for his budgetary program have serious doubts, however, that it is practical enough to avert a collapse later in the year, should his "confidence" policy fail. The Embassy considers that, in this event, pressure for cutting French commitments in Indo-china would rise. (C Paris 5898, 27 Mar 52)

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Comment: Most competent observers have been pessimistic on Pinay's chances of success. While the French public's unprecedentedly active interest in the recent government crisis may temporarily avert a parliamentary showdown over partisan issues, there is no evidence that his "climate of confidence" is a satisfactory substitute for financial reform.

22. Withdrawal from Indochina foreseen as French political issue: The US Ambassador in Paris reports the consensus of various party leaders that the Pinay government will be succeeded in the late summer or early fall by a coalition including the Socialists and possibly the Gaullists as a result of a popular reaction against Pinay's eventual failure to solve France's present financial difficulties.

The Ambassador also reports wide agreement that Indochina may soon re-emerge as a major internal political issue. He cites the prediction of a Radical Socialist leader that unless increased American assistance were forthcoming, withdrawal from Indochina would become a rallying point for the new coalition. (C Paris 5968, 28 Mar 52)

Comment: In view of the Pinay government's refusal to increase taxes to meet France's major commitments, there will be steady pressure for additional American aid not only to maintain the military position in Indochina but to help stabilize the economic and political situation at home. Public sentiment is also likely to prefer withdrawal to further financial sacrifices.

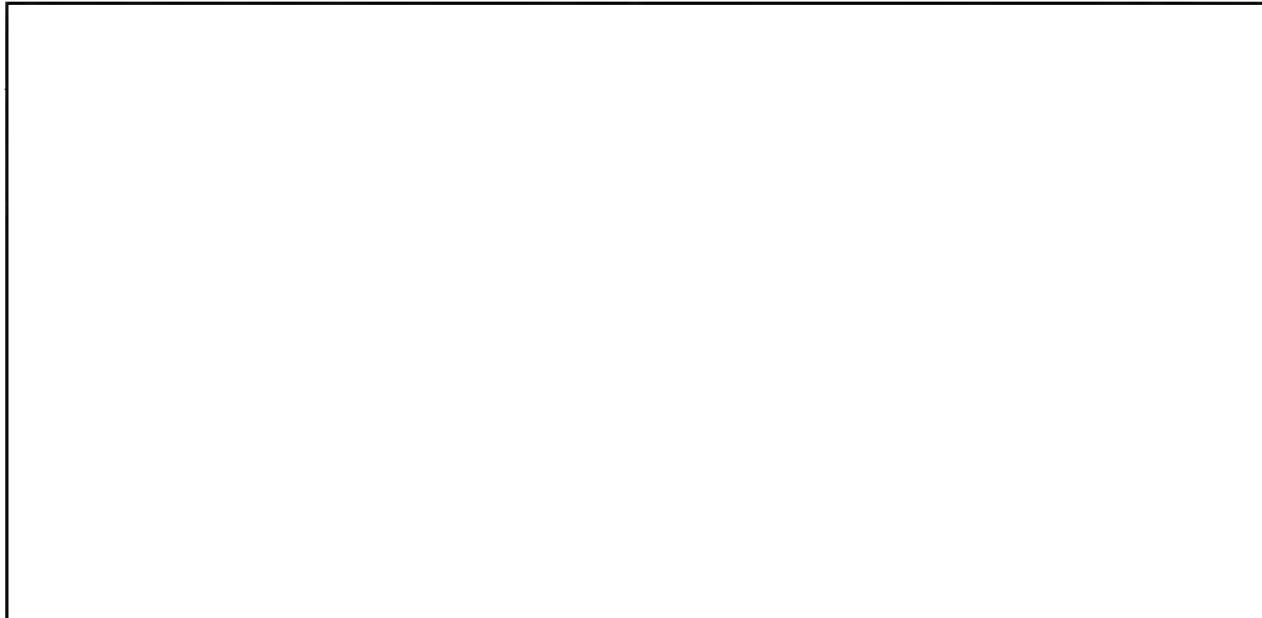
23. Communist BW propaganda ineffective in Belgium, France and the Netherlands: American Embassy officials in France and Benelux report that the Communist press campaigns accusing the United States of waging bacteriological warfare in Korea have been ineffective. In France, the Communist press is in fact "embarrassed" by having to continue the campaign in face of widespread disbelief. Although the Embassy in Paris suggests that the United States missions assume responsibility for developing counterpropaganda, the Embassy at the Hague considers the United Nations the best source, with local government authorities the next alternative, should counterpropaganda from western European capitals prove necessary.

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On the other hand, the American Embassy in Brussels believes that "heavy" counterpropaganda should be continued from Washington. It agrees with the Embassy in Paris that concise documentation of the proven falsity of other "big lie" campaigns would be effective measures. It suggests that other UN powers participating in Korea state their own resentment at slander against the UN forces and Communist refusal to permit help for the suffering. (C Paris 5951, 28 Mar 52; C The Hague 1023, 28 Mar 52; C Brussels 1443, 27 Mar 52)

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25. Sweden's Foreign Minister may retire after September parliamentary elections: Swedish Foreign Minister Unden has intimated that he may retire after the parliamentary elections in September. His party, the Social Democrats, has been grooming Arne Lundberg, the present Secretary-General of the Foreign Office, as his successor. (C Stockholm 1134, 28 Mar 52)

Comment: Unden's replacement by Lundberg would probably result in the resignation of Dag Hammarskjöld, who as present Assistant Foreign Minister and member of the cabinet without portfolio, is another logical candidate for the post. Hammarskjöld has been notably cooperative with American and British diplomats, particularly on East-West trade matters; whereas Lundberg, a former Secretary of the Social Democratic Party without any extensive diplomatic experience, is likely to give a rigid interpretation to his party's neutrality policy.

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LATIN AMERICA

26. Possible military coup in Colombia: President Gomez and President-designate Urdaneta both fear that extreme rightists in Colombia may attempt a military coup. [redacted]

25X1C [redacted] Increased dissatisfaction with government policy in coping with guerrilla activities has reportedly led a group of high army officers, headed by Commander of the Army Colonel Mariano Ospina Rodriguez, to plan a revolt.

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The government now plans to purge the armed forces of officers whose loyalty to the present regime is doubtful. [redacted] S Bogota 622,

27 Mar 52)

Comment: Despite heavy governmental expenditures for anti-guerrilla action, insurgent strength has increased in personnel, organization and arms, and has seriously lowered the prestige of the present administration. The government's countermeasures can be expected to avert any immediate threat, but political instability will continue because of increased army dissatisfaction with failure to suppress guerrilla activities.

Some individual Communists have been reported co-operating with guerrilla bands, which in general, support the Liberal Party. To date there has been no indication that the Communist Party has adopted cooperation as a policy.

27. Colombian Communists threatened with arrest: The Secretary-General of the Colombian Communist Party, Gilberto Vieira White, and other top Communists reportedly are in hiding due to fear of immediate arrest. They have been frightened by word of a judicial order charging Vieira and several other party members with instigating a farmers' riot in Viota, Cundinamarca, last year which resulted in the death of several policemen. [redacted]

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Comment: This reported order for the arrest of leading Communists in the Bogota area may be part of the government's sporadic anti-Communist activity which has been in progress for several months.

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Viota, less than fifty miles from Bogota, has been a Communist stronghold since 1938. Civil disorders, currently widespread in Colombia, have been infrequent in this area. Lately, however, small groups of farmers, said to be under Communist direction, have been causing disturbances in the more inaccessible parts of this district.

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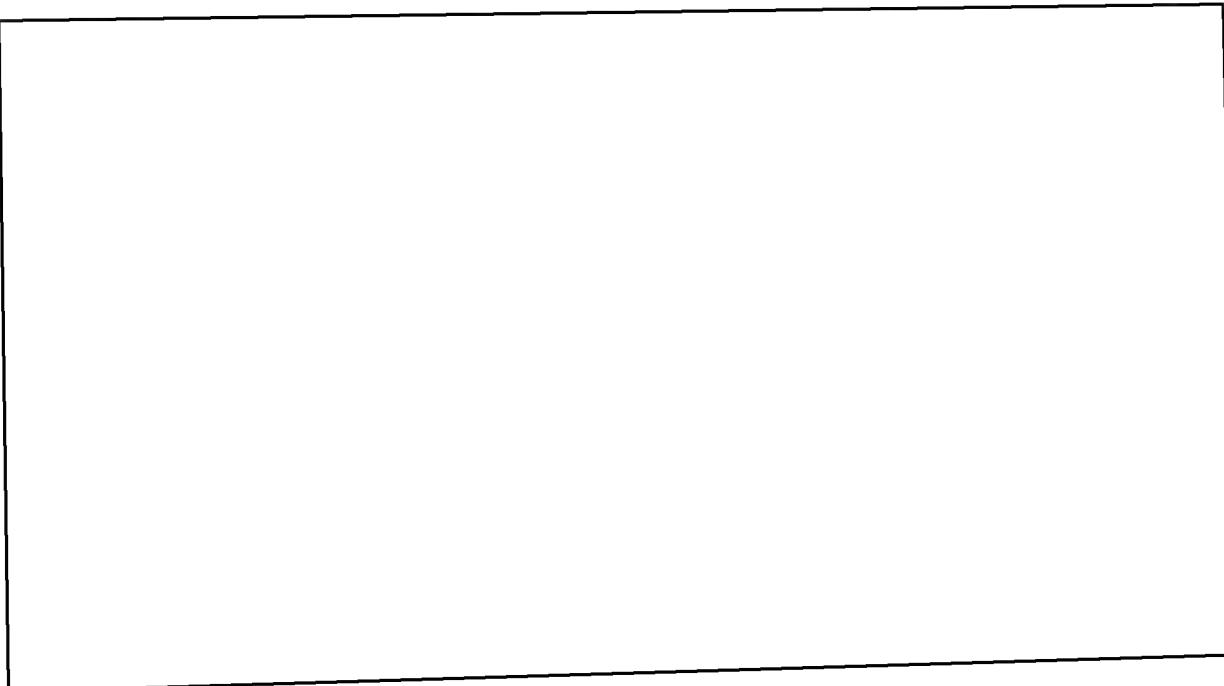
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FAR EAST

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2. ROK President restates his principal foreign policy objectives: Syngman Rhee, in a letter to President Truman, has stated that he is "exceedingly sorry" for his intemperate statements concerning the cease-fire negotiations. He further declared that if an armistice must be agreed upon, then his "collaboration will be more effective and more heartily embraced" if the United States would conclude a mutual security pact with the ROK and if the US would explicitly commit itself to a definite program for expanding the South Korean Army.

Rhee assured President Truman in conclusion that the recent "political controversies" in the ROK do not affect

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the unity of the country, but are instead healthy manifestations of the democratic form of government. (C S/S Pusan 937, 27 Mar 52)

Comment: The already explicit support being afforded the ROK by the UN forces and UN aid have not deterred Rhee's constant efforts to secure a security pact with anti-Communist powers in the Pacific. Limitations of equipment and training facilities, in addition to the manifest inability of the ROK economy to support a larger armed force, have largely dictated the size of the ROK army.

Rhee's efforts to reassure President Truman concerning his recent political antics may indicate that the serious protests made by US and UN officials in Korea have had some effect.

WESTERN EUROPE

3. New Soviet election proposals for Germany held possible: In the opinion of the High Commissioner's office in Berlin, the Allied note of 25 March may encourage the Soviet Union to advance bolder proposals for free all-German elections, since the note seems to stress the importance of German integration with the West over German unity. Such Soviet proposals might offer more liberal inspection and election procedures involving the participation of the Allied powers and other "interested nations."

A new Soviet offer might be difficult for the Allies to turn down without arousing suspicions that they will insist on integration before discussing any compromise election offer, no matter how reasonable. (S S/S Berlin 1182, 27 Mar 52)

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